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DTLA Construction Booms Across Sectors

By Kelsi Maree Borland | Los Angeles

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Nicholas Griffin: "The more people that move downtown, the more amenities come in."

LOS ANGELES—Construction is booming in Downtown Los Angeles across all property sectors. A new report from the **Downtown Center Business Improvement District** shows that the submarket has more than 3 million square feet of commercial space, 10,000 **multifamily** units and 2,600 **hotel** rooms under construction, which is a shift from the multifamily focus we have seen take hold in the submarket over the past few years.

"At the highest level, urban lifestyle is becoming increasingly appealing. Millennials want an urban lifestyle. In downtown specifically, it is that increasing desirability

that is fueling construction; it is one of those things that is building on itself," **Nicholas Griffin**, director of economic development at the DCBID, tells GlobeSt.com. "The more people that move downtown, the more amenities come in."

Residential construction, including both apartments and condos, has 9,932 units of construction, 2,000 of which are for-sale units, currently under construction, and we have heard from other sources that there are as many as **14,000 units** in the pipeline. Apartment vacancies are at a low 5%, despite the frequent delivery of new product, while condo values have increased over the past year 13%. "The residential sector shows no signs of slowing, so while we are seeing more development in other sectors, like retail and office, we aren't seeing any slow down in the residential," says Griffin.

In the office sector, there is 1.3 million square feet under construction, and there has been three straight quarters of net absorption; however, the vacancy rate for office product is 19.4%, with large blocks of vacant space. The DCBID recently **launched** an office program to attract **creative office** users to the submarket to help absorb this vacant space, and the new construction is a positive indicator that things are moving forward.

On the hotel front, there are 2,600 rooms under construction, which will bring the total hotel count in downtown to 7,961 rooms. The submarket has seen fairly strong occupancies so far this year, averaging around 72% for 2015.

The retail sector is perhaps that most robust after the multifamily sector. There are currently 2.1 million square feet of retail space under construction and retail vacancy rates are hovering at 7.2%, a drop from 7.4% in Q1 last year. Three major retail projects broke ground during the first quarter, including Ocean Avenue Plaza.

Among the projects currently under construction, there are three \$1 billion projects underway, **Ocean Avenue Plaza**, **The Wilshire Grand** and the **Metropolis**. And, Griffin says that there is now signs of slowing down; there are new projects springing up every day. "We are honestly seeing no slowdown," adds Griffin. "We had 10 groundbreakings in Q1. That is unprecedented. We are seeing the projects that have been slated move forward and we are seeing new projects enter the pipeline."

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About Our Columnist



Kelsi Maree Borland is a freelance writer and editor living in Los Angeles. Her work has appeared in publications such as *Travel + Leisure*, *Angeleno* and *Riviera Orange County*.

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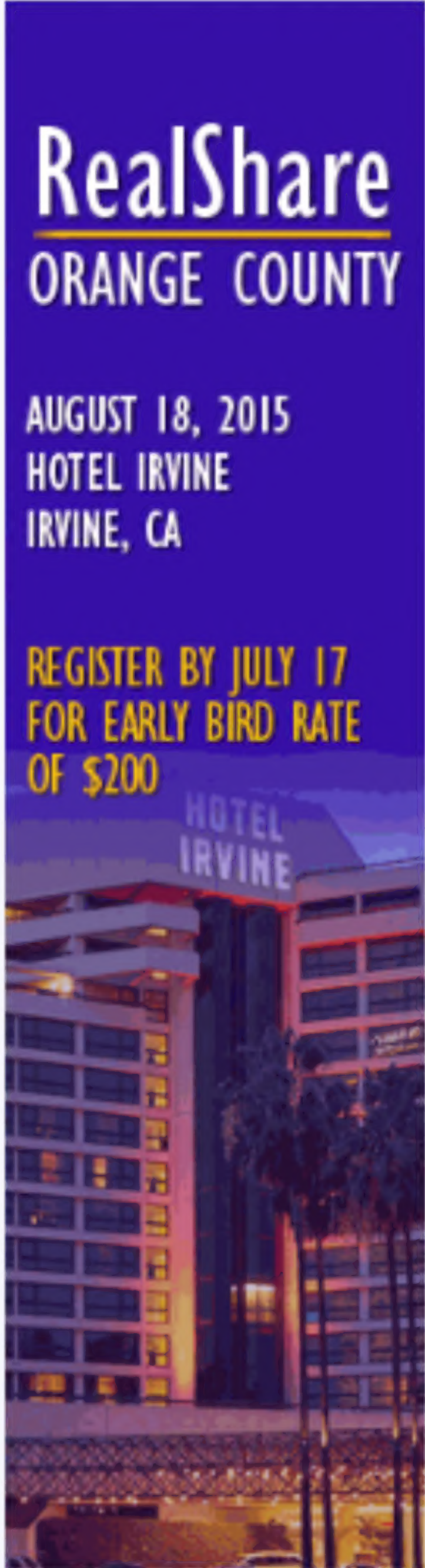
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